

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 EB-11

INR-10 NSAE-00 RSC-01 FAA-00 FEA-02 TRSE-00 NSC-10

SS-20 INT-08 L-03 PA-04 PRS-01 USIA-15 DRC-01 /110 W

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P 211016Z JAN 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 492

INFO GOVERNOR OF GUAM PRIORITY

LIMITED OFFICIAL USE MANILA 0735

E.O. 11652: N/A

TAGS: E UG, ETRN, RP

SUBJECT: CIVAIR: FUEL ALLOCATION FOR PHILIPPINE AIRLINES

REF A) STATE 10820; B) MANILA 694

BEGIN SUMMARY: PHILIPPINE AIRLINES HAS SOUGHT FOREIGN SECRETARY ROMULO'S ASSISTANCE IN WORKING OUT RECIPROCAL ARRANGEMENT WITH USG FOR AVIATION FUEL SUPPLY. LACK OF FUEL TO GUAM IS CAUSING SERVEPH LIMITATION ON PAL PASSENGER LOADS AND PAL CONTEMPLATING CANCELLATION FLIGHTS JAN 26 TO 31 UNTIL FEBRUARY ALLOCATIONS AVAILABLE. GOP OFFICIALS REPORTEDLY CONCERNED K MOBILE ATTEMPT USE PAL'S NEEDS AS LEVERAGE TO LIFT BAN ON PETROLEUM PRODUCT EXPORTS TO GUAM AND TRUST TERRITORIES. ACTION REQUESTED: DEPARTMENT CONSIDERATION OF PAL REQUEST AND INDICATION WHETHER GUAM ALLOCATION CAN BE INCREASED TO REFLECT CHANGE OF EQUIPMENT AND INCREASED LOAD FACTORS SINCE MID-1972. END SUMMARY.

1. PAL EVP IGOS CALLED ON
VECON/COMMERCIAL COUNSELOR
JANUARY 21 TO INFORM EMBASSY OF PAL' REQUEST TO
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SECRETARY ROMULO FOR GOP ASSISTANCE IN WORKING OUT

BILATERAL RECIPROCAL ARRANGEMENT WITH USG TO ENSURE
MINIMUM FUEL AVAILABILITY FOR PAL AT SAN FRANCISCO,

HONOLULU AND GUAM WHILE GOP DOES SAME FOR PANAM,
NORTHWEST, FLYING TIGERS AND NON-SKEDS
INCLUDING TRANS INTERNATIONAL AIRWAYS AT MANILA.

2. IGOA SAID PAL HAD FILED PETITION JANUARY 11 WITH
FEO FOR UPWARD ADJUSTMENT OF ALLOCATION IN VIEW OF
CHANGE IN EQUIPMENT (TO STRETCHED DC-8) SINCE MID-1972 AND
GREAT INCREASE IN PASSENGER LOAD FACTOR BECAUSE OF
HOMECOMING PROGRAM AND IMPROVED PHILIPPINE TOURIST CLIMATE.
PAL'S WASHINGTON ATTORNEY ADVISED, HOWEVER, THAT
ACTION LIKELY BE DELAYED, AND WORKING OUT
BILATERAL ARRANGEMENT THROUGH DIPLOMATIC CHANNELS
ONLY AVENUE FOR QUICK DECISION.

3. BECAUSE OF LARGE NUMBER OF PHILIPPINE HOMECOMING
TRAVELERS BOOKED GU PAL FLIGHTS TO HONOLULU AND SAN

FRANCISCO, AVAILABLE SPACE BETWEEN NOW AND FEB 1
FAR SHORT OF BOOKINGS UNLESS PLANES CAN REFUE AT GUAM
ON EASTBOUND FLIGHTS. PAL HAS SUSPENDED CARGO HAULAGE
AND RECENTLY HAS AVOIDED GUAM REFUELING ON EASTBOUND
FLIGHTS IN ORDER TO MAINTAIN DAILY FLIGHT SCHEDULE.
IF ADDITIONAL FUEL NOT AVAILABLE AT GUAM, IGOA SEES NO
ALTERNATIVE TO CANCELLATION OF PACIFIC FLIGHTS
EFFECTIVE JAN 26 UNTIL NEW FUEL ALLOCATION AVAILABLE.
THIS PROSPECT SHOCKED ROMULBDN ACCORDING TO IGOA, AND
MEMORANDUM WITH REQUEST FOR DFA ASSISTANCE GIVEN HIM
JAN 18. PRESIDENT MARCOS ALSO BEING INFORMED. DFA
LIKELY SEND NOTE TO EMBASSY OR APPROACH DEPARTMENT FOR
URGENT ASSISTANCE.

4. IGOA SAID PAL'S WASHINGTON ATTORNEY AND OTHER
SOURCES CLAIM THAT GUAM FUEL PROBLEM IS LINKED TO
GOP REFUSAL TO PERMIT EXPORTS OF PETROLEUM PRODUCTS
TO GUAM AND TRUST TERRITORIES (REF B). MOBILE MANAGER WALES ALSO EN-
COURAGED IGOA TO CONVEY IDEA OF SUCH
LINKAGE TO GOP, WHICH IGOA HAS DONE IN MEMORANDUM TO
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ROMULO. PETROPHIL PRESIDENT VELASCO IN MEETING WITH IGOA
REACTED STRONGLY AGAINST WHAT HE CONSIDERED
EFFORT BY MOBILE TO USE PAL DIFFICULTIES AT GUAM AS
LEVERAGE TO FORCE REVERSAL OF DECISION ON MOBILE EXPORT
REQUEST.

5. IN SEEKING SPECIAL CONSIDERATION FOR PAL'S FUEL
NEEDS ON BASIS OF RECIPROCITY, IGOA EMPHASIZED THAT

GOP IS ALLOCATING SUFFICIENT FUEL TO MEET MINIMUM NEEDS OF ALL AMERICAN CARRIERS SERVING MANILA (MANILA 14308 PARA 3). HE HOPED DFA COULD UNDERTAKE DISCUSSIONS PROMPTLY WITH USG SO THAT CANCELLATION OF FLIGHTS JAN 26 COULD BE AVOIDED AND QUESTION WOULD NOT ARISE OF POSSIBLE RECIPROCAL ACTION AGAINST US CARRIERS AT MANILA IF PAL'S MINIMUM NEEDS NOT MET.

6. COMMENT: WE BELIEVE PAL'S REQUEST FOR INCREASED ALLOCATION AT GUAM SHOULD BE CONSIDERED ON ITS MERITS IN ACCORDANCE WITH CRITERIA ESTABLISHED FOR ALL INTERNATIONAL CARRIERS' PETITIONS. INTRODUCTION OF NEW EQUIPMENT REQUIRING FUEL STOP SINCE MID-1972 WOULD SEEM TO CO V WITHIN CRITERIA AS WOULD INCREASE IN VOLUME OF TRAFFIC OWING TO IMPROVED CONDITIONS FOR TOURISM. QUESTION OF PHIL EXPORTS OF PETROLEUM PRODUCTS SHOULD BE CONSIDERED SEPARATE ISSUE, ALTHOUGH WE WOULD LIKE FURTHER INFORMATION ON IMPACT THIS HAS HAD ON GUAM AVIATION FUEL SUPPLY. WE HOPE DEPARTMENT CAN EXPEDITE DECISION BY FEO AND TAKE UP QUESTION WITH MOBILE HQ TO SEE IF INCREASED ALLOCATION CAN BE ARRANGED.
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